

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MARION

GRANT COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**

09/23/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Julie Flores Dana Gault	01-01-23 to 12-31-23 01-01-24 to 12-31-24
Mayor	Jess Alumbaugh Ronald Morrell, Jr.	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the Board of Public Works and Safety	Linda Wilk Alex Huskey	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the Common Council	Robin Fouce Nick McKinley	01-01-23 to 12-31-23 01-01-24 to 12-31-24
Utility Office Director	John C. Binker	01-01-23 to 12-31-24
President of the Utility Service Board	Robert Logan	01-01-23 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE CITY OF MARION, GRANT COUNTY, INDIANA

This report is supplemental to the audit report of the City of Marion (City), for the period from January 1, 2023 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

September 12, 2024

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CITY CONTROLLER  
CITY OF MARION

CITY CONTROLLER  
CITY OF MARION  
AUDIT RESULTS AND COMMENTS

**FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS**

The same comment also appeared in prior Report 000000681S.

*Condition and Context*

The accuracy of reporting required by federal and state agencies is facilitated by separation of grant funds. The City did not create separate funds for the Formula Grants for Rural Areas and Tribal Transit Program grant and the Buses and Bus Facilities Formula, Competitive, and Low or No Emission Programs grant.

*Criteria*

When funds are provided by the federal government either directly to a city or town or through a state agency for any program or project, the following procedures should be followed:

**A separate Fund for each grant is required. . . .**

(Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2020)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS**

A similar comment also appeared in prior Reports B58765, B60403, and 000000681S, entitled *MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND DISBURSEMENTS*.

*Condition and Context*

Truck lease payments totaling \$93,537 were paid from the MVH Restricted fund. These disbursements did not qualify as expenses for construction, reconstruction, and preservation of the City's highways.

*Criteria*

Indiana Code 8-14-1-5(c) states: "Except as provided in subsection (d), for funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

CITY CONTROLLER  
CITY OF MARION  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2024, with Dana Gault, City Controller; Lynda Faw, Deputy City Controller; Nick McKinley, President of the Common Council; Ronald Morrell, Jr., Mayor; and Robin Fouce, Chief of Staff.

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COMMON COUNCIL  
CITY OF MARION

COMMON COUNCIL  
CITY OF MARION  
AUDIT RESULT AND COMMENT

***APPROVAL OF CLAIMS***

*Condition and Context*

In May 2023, the Common Council passed a resolution to move the authority to approve claims from the Board of Public Works and Safety to the Common Council. From May through December 2023, neither Board dockets nor individual claims were signed and approved by the Common Council.

*Criteria*

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

COMMON COUNCIL  
CITY OF MARION  
EXIT CONFERENCE

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CITY UTILITIES  
CITY OF MARION

CITY UTILITIES  
CITY OF MARION  
AUDIT RESULT AND COMMENT

***BANK ACCOUNT RECONCILIATIONS***

A similar comment also appeared in prior Report 000000681S, entitled *BANK ACCOUNT RECONCILIATIONS*.

*Condition and Context*

Bank account reconciliations were performed monthly during the audit period. However, an unreconciled variance of \$42,742 existed as of December 31, 2023. The total fund balances were higher than the adjusted bank balance.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CITY UTILITIES  
CITY OF MARION  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2024, with Tiffany Snyder, Accounting/Bill Coordinator; Robin Shrader, Executive Director; Pat Pinkerton, Assistant Director for Engineering; and Misty Humphries, Executive Assistant/Admin Manager.